

**DEPARTMENT OF WORKFORCE  
DEVELOPMENT**

Secretary Roberta Gassman  
201 East Washington Avenue  
P.O. Box 7946  
Madison, WI 53707-7946  
Telephone: (608) 266-7552  
FAX: (608) 266-1784  
www.dwd.state.wi.us



**State of Wisconsin  
Governor Jim Doyle**

**DEPARTMENT OF HEALTH AND  
FAMILY SERVICES**

Secretary Helene Nelson  
1 West Wilson Street  
P.O. Box 7850  
Madison, WI 53707-7850  
Telephone: (608) 266-9622  
FAX: (608) 266-7882  
www.dhfs.wisconsin.gov

**TO: Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies  
Workforce Development Boards  
Job Center Leads and Managers**

**FROM: Amy Mendel-Clemens  
Communications Section  
Bureau of Health Care Eligibility**

**BHCE/BWP OPERATIONS MEMO**

**No: 04-28**

**DATE: 06/03/2004**

FS	<input type="checkbox"/>	MA	<input checked="" type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input type="checkbox"/>	CC	<input type="checkbox"/>	W-2	<input type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	WtW	<input type="checkbox"/>		
Other	EP	<input type="checkbox"/>	★		

**PRIORITY: HIGH**

**SUBJECT: Medicaid Burial Insurance Policy Clarification**

**CROSS REFERENCE:** MA Handbook 11.5.2

**EFFECTIVE DATE:** June 1, 2004

**PURPOSE**

This memo clarifies Medicaid burial insurance policy.

**BACKGROUND**

The Medicaid Handbook 11.5.2 currently states that Burial Insurance is not a product licensed for sale in Wisconsin, but is available in other states. We have learned that this statement is incorrect. Burial Insurance is for sale in Wisconsin and annuities are used as a funding mechanism for this burial insurance.

**POLICY**

A burial insurance policy is a contract whose terms preclude the use of its proceeds for anything other than payment of the insured's burial expenses. It is an insurance product sold by a state licensed insurance company, and is typically funded with an annuity or life insurance policy.

The ownership of the annuity or life insurance policy is irrevocably assigned by the policyholder to a funeral expense trust established by the insurance company. The trustee or trust administrator is required to pay all trust proceeds toward the policyholder's funeral expenses at the time of the policyholder's death. If a trust's proceeds exceed burial costs, the excess must revert back to the deceased person's estate.

A burial insurance policy is unavailable if:

1. It includes language that says it is irrevocable, and
2. It states that all of the proceeds must be used for burial expenses.

The purchase of a burial insurance policy that meets the above conditions is not a divestment because the purchaser is presumed to receive fair market value.

The following are not burial insurance policies:

1. If a policy has a cash surrender value to which the client has access, the policy is not burial insurance, it is life insurance.
2. If a burial policy calls for any excess proceeds to be paid to a secondary beneficiary (other than the deceased person's estate), it is life insurance, not burial insurance.
3. Similarly, if a policy calls for the proceeds to be paid to a private party who is expected but not legally required to use the funds for the burial costs of the insured, the policy is life insurance.

## **CONTACTS**

BHCE CARES Information & Problem Resolution Center

★Program Categories – FS – Food Stamps, MA – Medicaid, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WtW – Welfare to Work, WIA – Workforce Investment Act, Other EP – Other Employment Programs.